

Senate File 527

S-3136

1 Amend Senate File 527 as follows:

2 1. By striking everything after the enacting clause and  
3 inserting:

4 <Section 1. Section 12I.1, subsection 2, paragraphs b and g,  
5 Code 2021, are amended to read as follows:

6 *b.* "Account owner" means an individual who ~~enters into~~ is  
7 the designated beneficiary under a participation agreement  
8 under this chapter for the payment of qualified disability  
9 expenses on behalf of a the designated beneficiary.

10 *g.* "Participation agreement" means an agreement ~~between~~  
11 ~~the account owner and~~ establishing an account with the trust  
12 ~~entered into under this chapter.~~

13 Sec. 2. Section 12I.2, subsection 7, Code 2021, is amended  
14 to read as follows:

15 7. Enter into participation agreements ~~with account owners.~~

16 Sec. 3. Section 12I.3, unnumbered paragraph 1, Code 2021,  
17 is amended to read as follows:

18 On or after July 1, 2016, the trust may enter into  
19 participation agreements ~~with account owners~~ pursuant to the  
20 following terms and agreements:

21 Sec. 4. Section 12I.3, subsection 1, paragraph b, Code 2021,  
22 is amended to read as follows:

23 *b.* Unless otherwise permitted under section 529A of the  
24 Internal Revenue Code, the account owner must also be the  
25 designated beneficiary of the account. ~~However, a trustee or~~  
26 ~~legal guardian may be designated as custodian of an account for~~  
27 ~~a designated beneficiary who is a minor or who lacks capacity~~  
28 ~~to enter into a participation agreement if such designation~~  
29 ~~is not prohibited under section 529A of the Internal Revenue~~  
30 ~~Code.~~ A person other than the account owner may enter into  
31 a participation agreement and have signature authority over  
32 the account on behalf of the account owner in accordance with  
33 section 529A of the Internal Revenue Code and regulations  
34 promulgated under that section.

35 Sec. 5. Section 12I.3, subsection 1, Code 2021, is amended

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1 by adding the following new paragraph:

2     NEW PARAGRAPH.   *g.* Any funds retained in a medical  
3 assistance special needs trust pursuant to chapter 633C, or in  
4 a supplemental needs trust pursuant to chapter 634A, may be  
5 transferred to the Iowa ABLE savings plan trust account of a  
6 designated beneficiary who is also the beneficiary of any such  
7 trust, in accordance with the applicable provisions of chapters  
8 633C, 634A, and this chapter.

9     Sec. 6. Section 12I.4, subsection 3, Code 2021, is amended  
10 to read as follows:

11     3. Moneys in the account of a designated beneficiary ~~may~~  
12 shall not be claimed by the Iowa Medicaid program as ~~provided~~  
13 authorized in section 529A(f) of the Internal Revenue Code ~~and~~  
14 ~~subject to limitations imposed by the treasurer of state unless~~  
15 such claim is required to maintain qualified ABLE program  
16 status under section 529A of the Internal Revenue Code.

17     Sec. 7. Section 249A.53, Code 2021, is amended by adding the  
18 following new subsection:

19     NEW SUBSECTION.   3. *a.* Following the death of an individual  
20 who is a designated beneficiary of an account established under  
21 a participation agreement pursuant to chapter 12I, all of the  
22 following shall apply to the extent permitted pursuant to  
23 chapter 12I and under federal law including section 529A of the  
24 Internal Revenue Code:

25       (1) The department shall not seek recovery of any account  
26 balance remaining in the designated beneficiary's account for  
27 medical assistance paid to or on behalf of the designated  
28 beneficiary on or after the date the participation agreement  
29 was entered into and the account established for the designated  
30 beneficiary.

31       (2) The department shall not file a claim for payment under  
32 section 529A(f) of the Internal Revenue Code.

33       (3) Any account balance remaining in the designated  
34 beneficiary's account may be transferred to an account for  
35 another eligible individual specified by the designated

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1 beneficiary, or if another eligible beneficiary is not so  
2 designated, then the account balance shall be transferred to  
3 the estate of the designated beneficiary or to the successor  
4 as defined in section 633.356.

5 *b.* For the purposes of this section, "*designated*  
6 *beneficiary*", "*Internal Revenue Code*", and "*participation*  
7 *agreement*" mean the same as defined in section 12I.1.

8 *c.* For the purposes of this section, "*eligible individual*"  
9 means the same as defined in section 529A of the Internal  
10 Revenue Code.

11 Sec. 8. Section 633C.2, Code 2021, is amended to read as  
12 follows:

13 **633C.2 Disposition of medical assistance special needs**  
14 **trusts.**

15 Any income or assets added to or received by and any income  
16 or principal retained in a medical assistance special needs  
17 trust shall be used in accordance with a standard that is  
18 no more restrictive than specified under federal law. All  
19 distributions from a medical assistance special needs trust  
20 shall be for the sole benefit of the beneficiary to enhance  
21 the quality of life of the beneficiary, and the trustee shall  
22 have sole discretion regarding such disbursements to ensure  
23 compliance with beneficiary eligibility requirements. Any  
24 funds retained in the medical assistance special needs trust of  
25 a beneficiary who is also a designated beneficiary as defined  
26 in section 12I.1 may be transferred to the Iowa ABLE savings  
27 plan trust account of the designated beneficiary in accordance  
28 with this chapter and chapter 12I. Any distinct disbursement  
29 in excess of one thousand dollars shall be subject to review by  
30 the district court sitting in probate. The department shall  
31 adopt rules pursuant to [chapter 17A](#) for the establishment and  
32 disposition of medical assistance special needs trusts in  
33 accordance with [this section](#).

34 Sec. 9. Section 634A.2, Code 2021, is amended by adding the  
35 following new subsection:

1     NEW SUBSECTION.   8.   Any funds retained in a supplemental  
2 needs trust of a beneficiary who is also a designated  
3 beneficiary as defined in section 12I.1 may be transferred to  
4 the Iowa ABLE savings plan trust account of the designated  
5 beneficiary in accordance with this chapter and chapter 12I.>

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